



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

**MEDIA RELEASE**

BUSINESS DELEGATION TO PHNOM PENH, CAMBODIA  
9 AUGUST 2016

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**MALAYSIA'S PARTICIPATION IN ECONOMIC DEVELOPMENT OF CAMBODIA**

1. The Malaysia-Cambodia Business Seminar was held in Phnom Penh on 9 August 2016. The Business Seminar was organised to promote the capabilities of Malaysian companies, products and services. The Seminar was officiated by YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry and H.E. Pan Sorasak, Minister of Commerce of the Kingdom of Cambodia., H.E. Sok Chenda Sophea, Minister attached to the Prime Minister and Secretary General of Council of Development of Cambodia and Neak Okhna Dr. Kith Meng, President of Cambodia Chamber of Commerce also joined the Seminar.
2. Minister Mustapa was joined by a 73-member business delegation representing Malaysian companies from Kuala Lumpur and those already investing in Cambodia. These companies represent a wide range of sectors related to Halal products and services, construction services, building materials, financial services, training and MRO services and food products.
3. The Business Seminar received overwhelming support from the Cambodian business community as well the government and was attended by over 300 representatives.
4. The Minister also had a bilateral meeting with H.E. Pan Sorasak, Minister of Commerce and joined by Okhna Othsman Hassan, Minister attached to the Prime Minister and Chairman of Cambodian Muslim Development Foundation, and senior officials from the Ministry of Commerce, Ministry of Industry and Handicraft, Ministry of Tourism, Ministry of Public Works and Transport, Ministry of Economy and Finance, and Ministry of Agriculture Forestry and Fisheries.
5. The Ministers exchanged views on implementing the decisions taken by both Prime Ministers in their meeting in Kuala Lumpur on 3 June 2016 to promote trade, investments, tourism, and exchanges of visits towards a better understanding and stronger cooperation between the two countries. The Ministers agreed to prioritize work on specific areas related to creating value through collaboration in the promotion and development of Halal between Malaysia and Cambodia, promoting MSMEs linkages with large companies operating in Malaysia and Cambodia,

participation of Malaysian companies in Cambodia's priority areas and projects, participation of MSMEs in trade fairs and exhibitions in each other's countries, collaboration in skills development in Cambodia and encouraging more Malaysian companies to invest in Cambodia as well as source more Cambodian products to Malaysia.

6. Ministers Mustapa and Minister Pan Sorasak have agreed to intensify collaboration on the promotion and development of Halal between Malaysia and Cambodia. It was agreed that Malaysia Halal Industry Development Corporation will work with Cambodian authorities to offer assistance in sharing best practices on Halal industry and Halal related fields to enhance bilateral trade, increase investments as well as improving market access for Halal products and services.

7. The areas of cooperation identified include: Development of Halal standards and certification; Capacity building activities and Human capital development. The Ministers agreed officials to draw-up a roadmap on the areas to enhance collaboration on Halal related activities. Halal is one of the areas of cooperation that the Prime Minister of Cambodia and Prime Minister Malaysia agreed that both countries should collaborate.

8. The Ministers agreed to identify products that can be sourced from each other's country. Cambodia is a major producer of rice, rubber and tapioca. Cambodia is inviting Malaysian companies to set-up processing activities in their efforts to enhance value-add activities in Cambodia. The two Ministers also agreed to identify 10 MSMEs from each country to work together as one way to increase MSME linkages.

9. Minister Mustapa and his Cambodian counterparts also witnessed the signing ceremony of the Memorandum of Understanding between MATRADE and the Cambodia Chamber of Commerce (CCC). The MOU is expected to provide the platform for the two organisations to work closely towards promoting greater interactions among the Malaysian and Cambodian companies. The Ministers shared their optimism that two-way trade could be increased beyond the current level.

10. Malaysia's total trade with Cambodia in 2015 amounted to US\$385.8 million. Malaysia's exports to Cambodia recorded US\$234.5 million while imports amounted to US\$151.3 million. Malaysia is the 9<sup>th</sup> largest sources of imports for Cambodia. With the economic development, the volume of trade is expected to increase over the next 5 years.

11. Many infrastructure projects are being implemented or in the pipeline for implementation. Malaysia's main exports to Cambodia are textile and clothing, beverages and tobacco, processed food, chemicals and transport equipment. Main imports are textiles and clothing, cereal, crude rubber and E&E products.

12. Cambodia's relatively open and liberal trade and investment regime. Currently, there are over 150 Malaysian companies operating or having business interests in the country. The liberal investment has served as a "pull factor" for Malaysian companies to invest in Cambodia.

13. Malaysia is the 5<sup>th</sup> biggest investor in Cambodia. Malaysian banks have significant presence in Cambodia. The largest foreign bank in Cambodia is Public Bank. Other banks operating in Cambodia are Maybank, CIMB, RHB and Hong Leong. Other major investors are Axiata, Muhibbah Engineering, Sunway, Ariston Sdn. Bhd., Karambunai Corp. Berhad and Leader Universal Holdings Berhad. There are Malaysian 25 garments factories operating in Cambodia. Muhibbah Engineering Malaysia through joint venture with a foreign partner manages and operates three key airports - Phnom Penh International Airport; Siem Reap International Airport; and Sihanoukville International Airport. Malaysian companies operating in Cambodia are pleased with open and liberal business environment, and the support by the Cambodian Government.

14. Based on the data from the Council for the Development of Cambodia (CDC), the total investment from 1994 to June 2016 is US\$1.88 billion (in term of registered capital) and US\$3.338 billion (in term of fixed assets).

15. H.E. Sok Chenda Sophea, Minister attached to the Prime Minister and Secretary General of Council of Development of Cambodia in his speech informed that Cambodia welcomes investments in all sectors and can own 100% foreign equity. The investments by these companies have created direct and indirect jobs of over 70,000 for Cambodian nationals. Malaysian companies operating in Cambodia are already taking advantage of the preferential concessions enjoyed by Cambodia in exports to the US market under the Generalized System of Preferences and the EU under Everything but Arms Initiative.

16. Incentives are being granted and the Council of Development of Cambodia (CDC) is open to having concrete discussions with potential investors from Malaysia. The areas of priority for Cambodia are utilities, infrastructure and road development, renewable energy, as well as high-value services. In recent years Cambodia's GDP has shown a steady growth of 6.5% for the period of 2011-2015. The GDP growth for next few years is forecast to be above 7.4%.

17. Minister Mustapa also highlighted that Malaysia has a number of good universities, including more than 10 foreign universities with campuses in Malaysia, as well as good healthcare facilities. Minister Mustapa encouraged Cambodian government to send students for tertiary education and those who require medical treatment to Malaysia. Improving education and skills development is given high priority by Cambodia. There are over 100,000 students studying in these universities in Malaysia and close to 1 million healthcare travellers visit Malaysia.

18. The Ministers agreed that with improved connectivity, the business sector could also explore opportunities in the tourism sector. To date, Malaysian Airlines has 10 weekly flights to Phnom Penh and 5 flights to Siem Reap and AirAsia operates 14 weekly flights to Phnom Penh and 11 flights to Siem Reap.

19. Minister Mustapa also had the opportunity to have a dialogue with members of the Malaysian Business Council of Cambodia (MBCC). In the dialogue, Minister Mustapa invites MBCC members to participate in business seminars and workshops organised by MITI, MATRADE and MIDA to share their experience in doing business in Cambodia with aspiring Malaysian entrepreneurs and Malaysian MSMEs.

20. Minister Mustapa also presented the “MATRADE Awards” to 9 Malaysian and Cambodian companies and business organisations in recognition of their contributions in promoting Malaysia-Cambodia trade relations. The organisations are the Cambodia Chamber of Commerce (CCC) and Malaysian Business Council of Cambodia (MBCC). The Cambodian importers are Goodhill Enterprise (Cambodia) Ltd. and ALKSK Co. Ltd., while the Malaysian companies are Cambodian Public Bank (Campu Bank), Smart Axiata Co. Ltd., Leader (Cambodia) Ltd., Muhibbah Engineering (Cambodia) Co. Ltd., and NagaWorld Ltd.

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